except for paragraph (1) of this subsection, would be collected from such veteran or surviving spouse.

"(3) Credits to the Guaranty and Indemnity Fund under paragraph (2) of this subsection with respect to loans guaranteed, insured, or made under this chapter that are closed during fiscal year 1990 shall be made in October 1990.".

(2) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1990.

(3) FEE COLLECTION THROUGH 1989.—Notwithstanding any other provision of law, the Secretary of

ode, through December 31, 1989.

SEC. **304.** INDEMNIFICATION **AF^ER** DEFAULT.

(a) IN GENERAL.—Section 1803 is amended by adding at the end the following new subsection:

"(eXD Except as provided in paragraph (2) of this subsection, an individual who pays a fee under section 1829 of this title, or who is exempted under section 1829(cXD of this title from *paying* such fee, with respect to a housing loan guaranteed or insured under this chapter that is closed after December 31, 1989, shall have no liability to the Secretary with respect to the loan for any loss resulting from any default of such individual except in the case of fraud, misrepresentation or bad faith by such individual in obtaining the loan or in connection with the loan default.

"(2) The exemption from liability provided by paragraph (1) of this subsection shall not apply to—

"(A) an individual from *whom* a fee is collected (or who is exem

pted from such fee) under section 1829(b) of this title; or

"(B) a loan made for any purpose specified in section 1812 of this title/'.

(b) CONFORMING AMENDMENT.—The last sentence of section 1832(aXD is amended by striking out "If and inserting in lieu thereof "Except as provided in section 1803(e) of this title, if.

SEC. 305. SALE OF VENDEE LOANS.

(a) IN GENERAL.—Section 1833 is amended—

(1) in subsection (aX3)—

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(4) in subparagraph (A), by striking out "Before October 1, 1990, and inserting in lieu thereof "Subject to subparagraph (C) of this paragraph,".

(5) in subparagraph (B), by striking out "occurring before October 1, 1990"; and

(6) in subparagraph (C), by striking out "October 1, 1990," and inserting in lieu thereof "October 1, 1989,"; (7) in subsection (a X6), by striking out "October 1, 1989," and inserting in lieu thereof "December 31,";

and

(8) by adding at the end the following new subsection:

"(e) Notwithstanding any other provision of law, the amount received from the sale of any note evidencing a loan secured by real property described in subsection (a)(1) of this section shall be credited, without any reduction and for the fiscal year in which the amount is received, as offsetting collections of—

"(1) the revolving fund for which a fee under section 1829 of this title was collected (or was exempted from being collected) at the time of the original guaranty of the loan that was secured by the same property; or

38 USC 1829 note.

38 USC 1829 note.

Fraud.

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